

**CALIFORNIA ENERGY COMMISSION**

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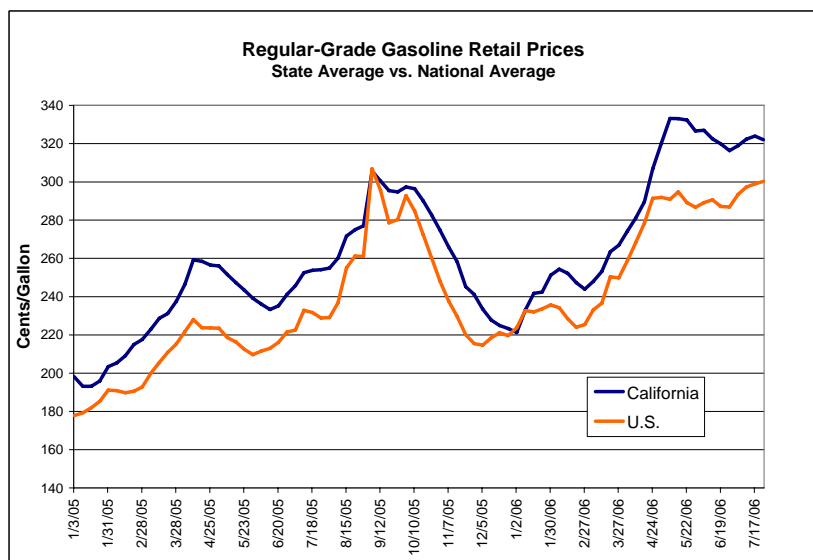
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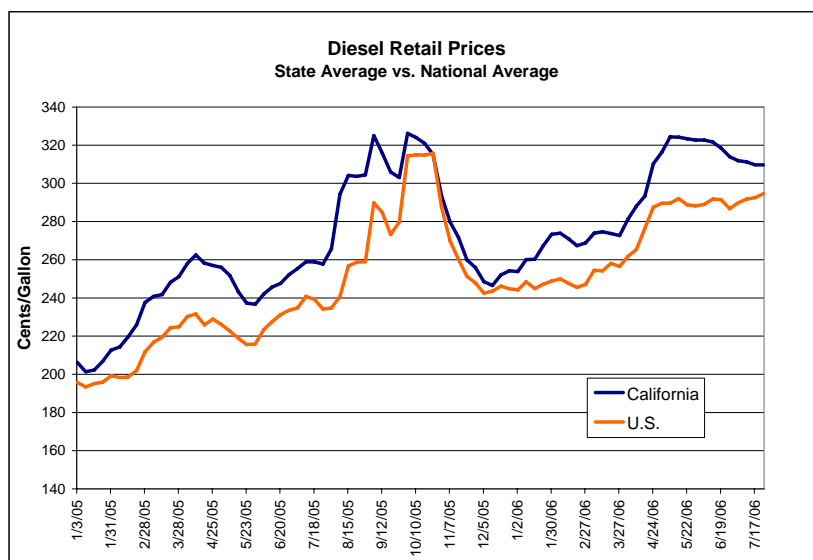
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**Petroleum Watch****July 28, 2006*****Retail Gasoline and Diesel Prices on July 24***

- The average statewide **retail price for regular-grade gasoline** decreased by 2 cents per gallon this week to \$3.22 per gallon and is now 11 cents less than the record high of \$3.33 on May 8.<sup>i</sup>
- The difference between California and U.S. retail gasoline prices declined to 22 cents per gallon since last week as U.S. prices reached \$3.00 per gallon.



- The average California **retail diesel price** was \$3.10 per gallon, unchanged from the previous week. At the same time, the U.S. retail diesel price increased by 2 cents to \$2.95 per gallon, and the difference between California and U.S. prices fell to 15 cents per gallon.

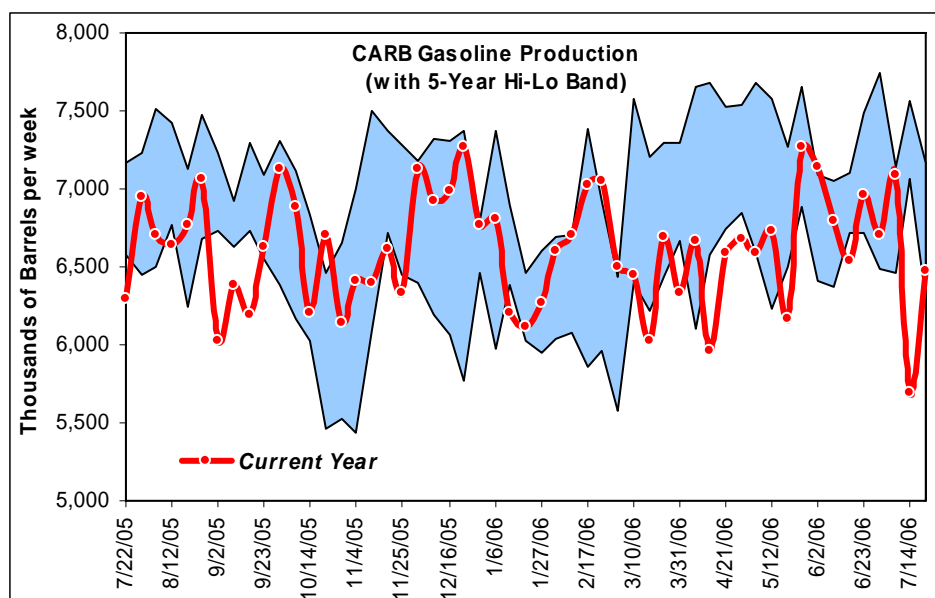


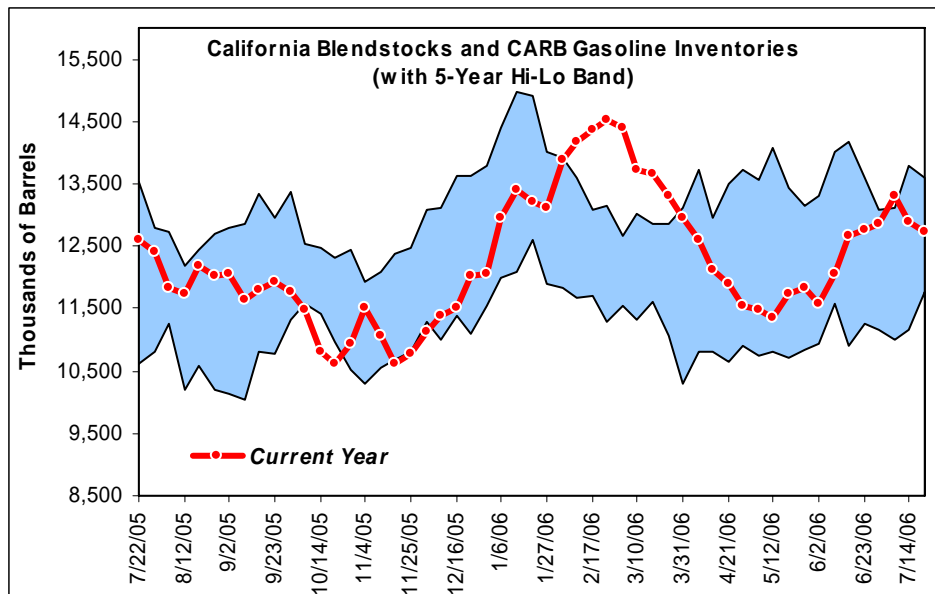
### **Wholesale Gasoline and Diesel Prices on July 25**

- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) got as high as \$2.49 during the last week and then fell to \$2.39. Prices are 58 cents lower than the record high of \$2.97 on May 2 but 83 cents more than the 2006 low of \$1.56 on February 14.
- A significant increase in gasoline production from California refineries contributed to the decrease in California's gasoline prices.
- The difference between spot prices for RBOB in California and New York Harbor narrowed significantly from last week down to only 2 cents per gallon more in Los Angeles. California prices are also now 1 cent less than in the Gulf Coast, compared to being 4 cents more on July 18.
- California spot **wholesale low-sulfur diesel prices** ended at \$2.16 per gallon, 1 cent more than on July 18. This is 52 cents lower than the record high of \$2.68 on May 3.
- California wholesale low-sulfur diesel prices this week remained below Gulf Coast and New York Harbor prices, at 1 cent and 4 cents less than those areas, respectively.
- The difference between California gasoline and diesel narrowed to 23 cents more for gasoline, 11 cents less than on July 18.
- The Energy Information Administration (EIA) weekly assessment for July 21 reports that **U.S. gasoline demand** was unchanged from the previous week, while distillate demand fell 0.2 percent. However, the four-week average demand for gasoline is 9.6 million barrels per day, 1.1 percent more than last year's four-week average. The four-week average for U.S. distillate demand is 4.15 million barrels per day, 4.3 percent more than last year.

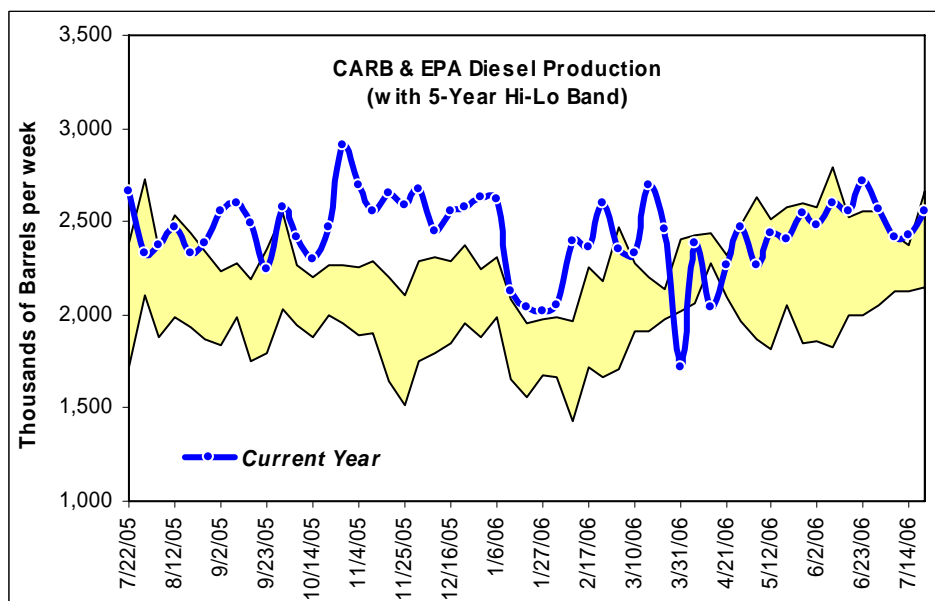
## Refinery Production and Inventories

- **Reformulated gasoline production** in California recovered substantially from last week's production drop (the lowest level since March 2005). Production during the week ending July 21 **rose almost 14 percent** to 6.48 million barrels with the return of output from unplanned refinery unit outages and scheduled maintenance. However, with some refinery maintenance remaining to be completed, production is at the lower end of the five-year range.<sup>ii</sup>
- With the return of facilities to production, California reformulated **gasoline inventories** grew 7.8 percent from the previous week. However, gasoline blendstock inventories dropped 7.5 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **fell 1.4 percent** to 12.72 million barrels, near the middle of the five-year range.
- U.S. gasoline inventories fell a surprisingly large 3.2 million barrels to 211 million barrels as of July 21. A sharp drop in production and lower imports were primarily responsible for this decline. The decrease was distributed across the Northeast, Gulf Coast, and West Coast regions.

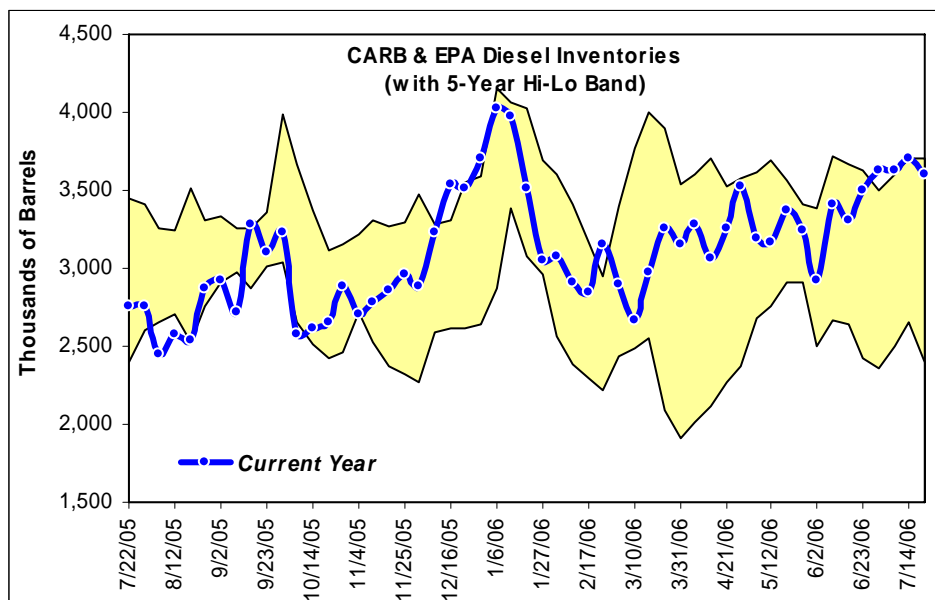




- California low-sulfur **diesel production** during the week ending July 21, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, increased 5.6 percent from the previous week to 2.56 million barrels as unplanned outages and scheduled maintenance affecting refinery distillate units began to be resolved. Output remains at the upper end of the five-year range for the week but is 3.9 percent less than year-ago levels.

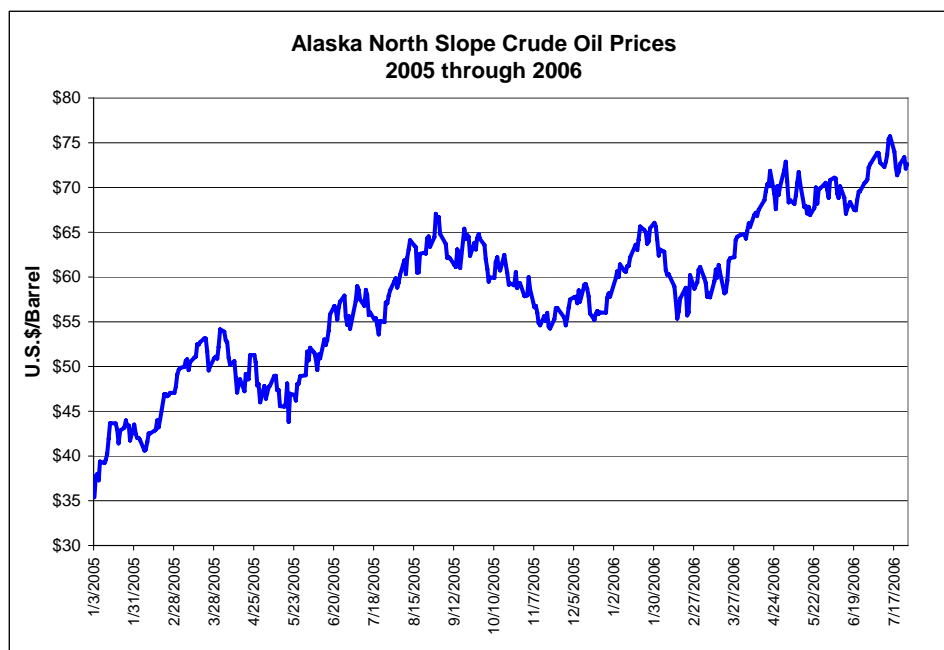


- Despite higher production, combined low-sulfur **diesel inventories** in California fell 2.9 percent from the previous week to 3.6 million barrels but remain at the upper end of the five-year range. Total U.S. distillate inventories as of July 21 increased to 131.9 million barrels, 799,000 barrels higher than the previous week, with stocks growing in the Northeast and Gulf Coast but falling on the West Coast.



### **Crude Oil Prices and Inventories**

- Although remaining below the record high of \$75.73 per barrel set on July 14, West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, drifted higher from last week as Israel and Hezbollah continued fierce fighting in Lebanon. Despite lower U.S. refinery crude oil runs, the end of the Norway oil workers' strike, and U.S. involvement in talks on the Lebanese conflict, prices have stayed above \$72. Unseasonably warm weather in Alaska has reduced ANS production, OPEC output is down slightly, and pipeline leaks and a militant attack on a flowstation have further cut into Nigeria's oil production and exports. ANS oil prices ended the week at \$72.64 per barrel as of July 26.<sup>iii</sup>



- U.S. commercial crude oil inventories as of July 21 were largely unchanged, rising only 30,000 barrels to 335.5 million barrels. Falling imports were largely balanced by lower refinery crude oil runs. Stocks are 17.7 million barrels higher than last year and 31.1 million higher than the five-year average for the date.

<sup>i</sup> Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

<sup>ii</sup> California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

<sup>iii</sup> ANS crude oil prices are from *The Wall Street Journal*.